

House Engrossed

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
Second Regular Session  
2006

CHAPTER 323

# HOUSE BILL 2717

AN ACT

AMENDING SECTION 42-11102, ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX  
EXEMPTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-11102, Arizona Revised Statutes, is amended to  
3 read:

4 42-11102. Exemption for government property; application of  
5 procedural provisions

6 A. Federal, state, county and municipal property is exempt from  
7 taxation, including:

8 1. Property that is owned by a nonprofit organization but is used by  
9 this state or a political subdivision during the entire tax year exclusively  
10 for a governmental activity.

11 2. Property that is the subject of a lease-purchase agreement that is  
12 authorized by law and in which this state or a political subdivision is the  
13 lessee-purchaser and the property is used by this state or a political  
14 subdivision during the entire taxable year exclusively for a governmental  
15 activity.

16 3. Improvements that are placed on public lands held under grazing  
17 permits, the title to which passes to the federal government.

18 B. Article 4 of this chapter does not apply to the exemption from  
19 taxation for federal, state, county and municipal property.

20 C. Notwithstanding subsection A relating to state property, property  
21 that is owned by the Arizona state retirement system, the corrections officer  
22 retirement plan, the public safety personnel retirement system or the elected  
23 officials' retirement plan, that is not used during the entire taxable year  
24 exclusively for a governmental activity and that is acquired either by  
25 foreclosure of an authorized investment or for the purposes of producing  
26 income for the system or plan is subject to either a government property  
27 lease tax under chapter 6, article 5 of this title or, if a government  
28 property lease tax is not paid or is not economically feasible, to voluntary  
29 contributions of money to the county, municipality, school district and  
30 community college district and any other special taxing district in which the  
31 property is located in lieu of taxes otherwise levied by those entities. The  
32 system or plan may not continue to hold title to the property as an  
33 authorized investment under title 38 unless a tax or voluntary contribution  
34 is paid pursuant to this subsection. On or before April 1 of each year the  
35 plan or system shall notify the county assessor of the county in which the  
36 property is located whether a government property lease tax or voluntary  
37 contribution will be paid. If a tax is not economically feasible, the county  
38 assessor may require the plan or system to pay voluntary contributions. If  
39 the system or plan pays a voluntary contribution:

40 1. The assessor shall determine the full cash value of the property at  
41 market value and shall transmit that determination to the board of  
42 supervisors on or before the third Monday in June.

43 2. On or before the third Friday in September the assessor shall  
44 compute the contribution to be made based on the determined valuation using  
45 the method of assessment applied in assessing ad valorem taxes of properties

1 of similar character and devoted to the same use in the county for the  
2 current tax year.

3 3. The assessor shall:

4 (a) Submit the computation of the contribution to the board of  
5 supervisors at the same time that the assessor submits the assessment roll.

6 (b) Notify the county school superintendent of the amount of the  
7 contribution.

8 4. The plan or system shall pay one-half of the amount determined not  
9 later than the first Monday in November and the other one-half not later than  
10 the first Monday in May of the next year.

11 5. The county treasurer shall distribute the monies received to the  
12 various taxing jurisdictions in the same manner as property taxes are  
13 distributed.

14 6. Any person, public official or taxing entity that is not satisfied  
15 by a determination under this subsection has the same remedies provided by  
16 this title or may file a civil action to determine the correct amount due. In  
17 any such action the only issue shall be the correctness of the computation of  
18 the amount due.

19 ~~D. Notwithstanding subsection A, if permanent improvements are~~  
20 ~~constructed on land owned by and leased from an agricultural improvement~~  
21 ~~district established pursuant to title 48, chapter 17, and the improvements~~  
22 ~~are not otherwise entitled to any constitutional exemption from property~~  
23 ~~taxation, then the improvements are subject to taxation in the name of the~~  
24 ~~lessee or sublessee in the same manner as other property used for similar~~  
25 ~~purposes.~~

**APPROVED BY THE GOVERNOR JUNE 15, 2006.**

**FILED IN THE OFFICE OF THE SECRETARY OF STATE JUNE 15, 2006.**